

Nevada Cannabis Compliance Board Meeting Minutes January 24, 2023

The Nevada Cannabis Compliance Board (CCB) held a public meeting at 555 East Washington Ave, Room 2450, Las Vegas, Nevada and 1919 College Parkway, Meeting Room 100, Carson City, Nevada beginning at 9:00 a.m. on January 24, 2023.

Cannabis Compliance Board Members Present:

Michael Douglas, Chair
Jerrie Merritt
Riana Durrett
Bryan Young
Dennis Neilander

Chair Douglas called the meeting to order, and Director Klimas took roll. Chair Michael Douglas was present in Las Vegas. Member Young was present in Carson City. Member Durrett and Member Neilander were present via video connection.

Chair Douglas made note of the Governor's Executive Order. Director Klimas stated that Governor Lombardo's directive regarding new regulations have created a holding pattern with any workshops, new adoption of regulations, or new proposal of regulations. Counsel was reviewing the Order and having conversations and further guidance from the Governor's office. Updates will be provided when available.

I. Public Comment

Cristina Ulman of the Chamber of Cannabis provide public comment regarding the Chamber's recommendations over the past several months to change regulations. Ms. Ulman thought the industry was over-regulated and the taxes generated for the state should not be at the expense of business owners that don't have access to traditional lending or ordinary tax exemptions. Ms. Ulman added that the CCB should change regulations to reduce operating costs, excessive taxes, waste, and time paid out for processes. Ms. Ulman stated Chamber members would be suggesting regulations to be revised for the industry to be economically competitive and pursuant to Governor Lombardo's executive order.

Davin Homan of the Chamber of Cannabis asked the CCB to develop regulations related to NRS 678B.640 in relation to fair market value specifically applied to pre-rolls. At \$5.00 a unit, a 15% excise tax represents \$0.75 no matter the size of pre-roll. This represents \$340 in taxes per pound, the largest current tax on any cannabis product. Pre-rolls are typically sold for under \$5.00. Cannabis sales have dropped compared to 2021 and Mr. Homan asked the CCB to work with commerce and revenue.

Bri Padilla of the Chamber of Cannabis asked the CCB to establish NCCRs that allow for a process of recourse for the industry when contracts are not honored or enforced based on NRS 678B.610. Ms. Padilla understood that the mandate was limited by statute but asked the CCB to establish parameters to assist those that are hurting when unable to collect payment or enforce their contractual obligations.

Dani Baranowski of the Chamber of Cannabis asked the CCB to consider regulations in NCCR 12.040, 12.045, and 12.050. Ms. Baranowski stated that while those advertising requirements were in place to protect public health and safety to avoid promoting illegal or harmful products, the restrictions added unnecessary threat and penalties to the industry. The use of a cartoon character resulted in a fine and two employees were laid off. Ms. Baranowski added that several restrictions on advertising are illogical, including the use of fruit. Stickering and redundant labeling is excessive and wasteful. Ms. Baranowski

recommended a standardized sticker with a QR code linked to COAs and printing with the necessary information.

Abigail Kaufmann of the Chamber of Cannabis and an employee of CRB Monitor expressed concerns regarding the status of NRS 226.300 which introduced a closed-loop cannabis banking pilot program run through the Treasury. The Treasurer's office reported there was a lack of appetite from the legal cannabis industry and the office had no plans to see reauthorization of the program. Ms. Kaufmann did not believe that efforts were made to move the program forward. Ms. Kaufman requested that the CCB in accordance with NRS 678A.450 request that the Treasury provide the CCB and the industry with a sufficient explanation.

Mark Bozza stated he has worked as a sales director for cannabis cultivators for four years and is a member of the Chamber of Cannabis. Mr. Bozza asked the CCB to consider NRS 678B.635 relating to the CCB's maintenance of a public testing database. Allowing the public access to the full COA via QR code would remove requirement to have the top three terpenes listed on the label, would give the dispensary staff another tool to educate customers, and empower medical patients who struggle to get accurate and information about their medicine. This would also reduce the waste generated by a cannabis sale.

Darlene Mason is a board of directors of the Chamber of Cannabis and sales manager for a cannabis brand locally. Ms. Mason expressed concerns regarding NCCR 7.050 regarding delivery to consumers. With the rising cost of gasoline and wear and tear on delivery vehicles, the restriction of delivering only five ounces within a single trip is costly and burdensome. The implementation of delivery during covid is profitable and created many additional jobs. Ms. Mason asked the Board to consider delivery of more than five ounces to avoid multiple trips.

Nicole Buffong spoke on behalf of Minorites for Medical Marijuana and Chamber of Cannabis. Ms. Buffong addressed NRS 678B.630 and the authority to allow felons to work in the industry, the petition process, and the reporting requirements. The Chamber partnered with Dallas Harris to create Senate Bill 33 which would allow felons to work in the industry. The Chamber would like to see the CCB implement the parameters for those with a criminal record to work in the industry.

Josh Kasoff is a member of the Chamber of Cannabis and a journalist. Mr. Kasoff agreed with the comments made by his colleagues and thought there were burdensome regulations regarding deliveries, marketing strategies, and high taxes. Mr. Kasoff hoped the CCB would work with Nevada cannabis professionals and the Lombardo administration to make the regulations less cumbersome and less expensive.

Bianca Young is a member of the Chamber of Cannabis and worked in the industry for five years. Ms. Young stated that the regulations affect both large and small businesses and hoped that changes could be made with the executive order that was placed.

Rob Kurilko, CEO of Silver Lion Farms, is an interested party in White Pine County's efforts to secure a medical cannabis license pursuant to statute. Mr. Kurilko provided background information on White Pine County's petition of February 2022, the Board's direction to draft regulations to allow for a medical licensing round, and subsequent communications. Mr. Kurilko understood that Silver Lion Farms would need to compete in a competitive licensing round based on merit and fair footing. Mr. Kurilko asked the CCB to open the competitive licensing round in White Pine.

Gerardo Gonzales stated his complaints. Mr. Gonzales stated they reported over 150 contaminated products in dispensaries. In reference to QR codes, Mr. Gonzales stated that when scanned, the QR codes

often go nowhere and was wondering who was in charge of that. Mr. Gonzales added that it was important to have a medical cannabis program in Nevada. Mr. Gonzales stated Nevada had the lowest wages in the cannabis industry.

Tom McLaughlin is a member of the Chamber of Cannabis. Mr. McLaughlin stated that he ran the most organized inventory floor in Nevada. He stated he had to leave his job because he had to follow all of the CCB regulations, and his bosses did not understand why it took so long to get the product to the floor. He could not improve the processes any more.

Jason Greninger is a member of the Chamber of Cannabis and provided his comments on the QR codes. Mr. Greninger stated it was an important idea and platform to provide information, helps to reduce the labelling issue, and provides a platform to provide the COA information and medical data information.

Christine Gamez is a board member of the Chamber of Cannabis and asked the CCB to listen and act upon the matters presented. Ms. Gamez stated there was an urgent need for the CCB to act now with businesses closing and professionals losing their jobs. Ms. Gamez asked the CCB to prioritize the needs brought by the industry. The industry would like to work with the CCB and offer support and guidance. It is the CCB's duty to adopt regulations that do not cause undue harm. Ms. Gamez pointed out NRS 678B.650 in reference to regulations and how the Cannabis Compliance Board should be carrying them out.

Will Adler spoke on behalf of the Sierra Cannabis Coalition in regard to the hold on products that was sent out last week. Mr. Adler thought it would benefit everyone to add pesticides to the docket of things the CCB would talk about in a lab testing reform or upcoming workshops. Mr. Adler stated that he heard that the products were allowable in other states but weren't allowable in Nevada and that may have caused some issues. Mr. Adler added that the list is the list and enforcement is needed.

II. Meeting Minutes

A. Consideration for approval of the December 13, 2022, Cannabis Compliance Board Meeting minutes.

Chair Douglas asked for a motion from the Board. Member Merritt made a motion to approve the minutes. Member Neilander seconded the motion. Board Members said aye. Motion carried.

III. Consent Agenda

A. Complaints

Director Klimas presented the complaints that were reviewed by the Attorney General to authorize service of the complaints.

1. As to Respondent A, the complaint alleged violations of NCCR 4, NCCR 5, and NCCR 6.
2. As to Respondent B, the complaint alleged violations of NCC4 and NCCR 6.

Member Merritt made a motion to approve service of the complaints. Member Neilander seconded the motion. Board Members said aye. Motion carried.

B. Consideration for Approval to Extend Final Inspection Deadline

1. Deep Roots Harvest Inc.
 - a. Deep Roots Harvest, Inc. (C185, RC185, P121, RP121)
 - b. Deep Roots Harvest, Inc. (T024)
2. Nevada Organic Remedies, LLC (RD218)

3. Essence Entities
 - a. Essence Tropicana, LLC (RD317)
 - b. Essence Tropicana, LLC (RD319)
 - c. Essence Henderson, LLC (RD346)
 - d. Essence Henderson, LLC (RD347)
 - e. Essence Henderson, LLC (RD348)
4. Congeriem Entites
 - a. Congeriem 1, LLC (RD266)
 - b. Congeriem 2, LLC (RD593)
 - c. Congeriem 3, LLC (RD594)
 - d. Congeriem 4, LLC (RD597)
 - e. Congeriem 5, LLC (RD602)
5. Polaris Wellness Center, LLC
 - a. Polaris Wellness Center, LLC (RD636)
 - b. Polaris Wellness Center, LLC (T068)
6. Miller Farms, LLC (C189, RC189)
7. GreenMart of Nevada NLV, LLC
 - a. GreenMart of Nevada NLV, LLC (RD511)
 - b. GreenMart of Nevada NLV, LLC (RD507)
8. Clear River, LLC (RD229)
9. Eureka NewGen Farms, LLC (C186, P122, RD290)

Chair Douglas noted that here were a number of items up for approval, sub-items 1-9. Chair Douglas stated if there are questions from Board members, those items could be handled separately. If not, the Board can approve the extension of the items all together. Chair Douglas asked Chief Gilbert what date would be preferred to make it uniform with the others. Chief Gilbert responded that the Board has previously granted extensions through November 5, 2023. Chair Douglas asked the Board if there were any items to be taken separately or if there would be one motion.

There were no questions from the Board. Member Neilander made a motion to approve the items under agenda item III B (1-9) set to expire on November 5, 2023. Member Merritt seconded the motion. Board Members said aye. Motion carried.

IV. Request for Transfer of Interest

Chief of Investigations David Staley presented the transfers of interest.

A. Nevada Botanical Science, Inc. (TOI# 2200002 – 220006) (C128, RC128, P074, RP074, T053) and Floret Nevada, LLC

Chief Staley stated TOI 220002 – 220006 were filed to request approval of the sale of the cultivation, production, and distribution licenses to Mason Cave and his company Floret Nevada, LLC. No areas of concern were identified during the investigation.

Kirk Conkey appeared on behalf of the licensee. Mason Cave appeared on behalf of Floret Nevada. Chair Douglas commented on the relationship with the lender and asked Mr. Cave for a comment. Mr. Cave responded that one condition was to bring in an operator and the lender had a relationship with an operator out of Arizona. Mr. Cave added that operator has gotten the necessary cards.

Member Neilander asked Mr. Cave for a update on his background. Mr. Cave responded that he was a CPA mostly based in real estate until about seven years ago when some growers became interested in one of their buildings. The company he was at looked into it and decided to get into the marijuana business in Arizona. Mr. Cave's focus was not more on products and the production side, mostly concentrates and extraction. They are looking to bring this expertise into Nevada.

Member Neilander made a motion to approve agenda item IV A. Member Merritt seconded the motion. Board Members said aye. Motion carried.

B. Tahoe Hydroponics Company LLC (TOI# 2100029 and 21068) (C109, RC109, T078) and Ayr Wellness Inc

Chief Staley stated TOI 21068 and 2100029 were filed to request approval for internal restructuring of existing ownership for estate planning purposes followed by the sale of Tahoe Hydroponics and its cultivation and distribution licenses to Ayr Wellness Inc. Ayr has requested waivers pursuant to NCCR 5.112 and 5.125 of the requirements of NCCR 5.110 regarding a review of all owners. Ayr has adequately address the waiver requirements and staff suggest that if approved, the Board limit the waivers to expire on Ayr's next agenda date. No areas of concern were identified.

Amanda Connor appeared on behalf of the seller, Tahoe Hydroponics, and Mark Bruno was available via Zoom. Alicia Ashcraft appeared of they buyer Ayr Wellness, and Clint Cates was available via Zoom.

Member Neilander asked for clarification that regarding the estate planning. Ms. Connor responded that the members of Tahoe Hydroponics are doing estate planning and putting their interests in the trust. The second transaction is the sale to Ayr Wellness. Member Neilander noted that he did not have questions regarding Ayr Wellness; they had operations in other states and everything appeared in good order.

There were no additional questions from the Board. Chair Douglas asked for a motion. Member Neilander made a motion to approve agenda item IV B as stated on the agenda with the condition that the approved waivers expire on such date as Ayr's next application is considered by the Board. Member Young seconded the motion. Board Members said aye. Motion carried.

C. My Life Organics Inc. (TOI# 2100054 and 2200001) (C175, RC175) and Dune Operating Holdings, LLC

Chief Staley stated TOI 2100054 and 2200001 were filed to request approval for Neil Bartoletta to acquire 25% ownership of My Life Organics that he did not already own from Sean Christopher and Brian Ruggles. The internal restructuring will be followed by the proposed acquisition of My Life Organics cultivation licenses by Dune Operating Holdings. Dune will be held 30% by Dune Investment Holdings LP and 70% by Bartoletta through My Life Organics. Future Operations by the cultivation licenses will be managed though PH Group Holdings Inc. and Dune Holding Management LLC, while the investors expect to remain passive. No areas of concern were identified.

Jeremy Holmes appeared on behalf of both parties to the transaction. Neil Bartoletta and Omar Sturm were present.

Member Neilander asked for additional background information on Dune. Mr. Sturm responded that Dune was formed between Perfect Harvest that originated out of Washington and the investors that funded the project. Member Neilander asked Mr. Bartoletta for additional background and if he was still involved in Justin Capital. Mr. Bartoletta responded no, and that he retired five years ago. Member Neilander commented that his background was impressive.

There were no additional questions from the Board. Member Neilander made a motion to approve agenda item IV C as stated on the agenda. Member Young seconded the motion. Board Members said aye. Motion carried.

D. G3 Labs, LLC (TOI# 2200018) (L007, RL007)

Chief Staley stated TOI 2200018 was filed to request various changes to existing members ownership percentages that will result in Carol and Thomas Morgan leaving G3 Labs, Chao Hsiung Tung and Ronald Sargent increasing their ownership, and owners Alfred Allen and Angel Puente will remain the same. No areas of concern were identified.

Chair Douglas asked about an area of concern. Chief Staley responded there were no areas of concern with G3 Labs.

Member Neilander asked for Chief Staley to confirm if this was the majorities buying out the minority interest. Chief Staley responded that was their understanding.

Alicia Ashcraft appeared on behalf of G3 Labs with Dr. Tung. Ms. Ashcraft stated that it was a reshuffling of the ownership interests among existing owners.

There were no additional questions from the Board. Member Young made a motion to approve agenda item for G3 Labs. Member Merritt seconded the motion. Board members said aye. Motion carried.

E. The Harvest Foundation, LLC (Withdrawal of TOI# 19053) (C086, RC086)

Member Durrett made a disclosure regarding the Harvest Foundation. Member Durrett noted that she had been retained prior to be appointed to the CCB as an expert witness in a case in which the Harvest Foundation was a defendant. Member Durrett will abstain from any matters relating to this licensee.

Chief Staley stated TOI 19053 was filed to request approval for Marimed to purchase the Harvest Foundation. In response to a complaint alleging various violations of Chapter 678A through 678D of Nevada Revised Statutes and numerous Nevada Cannabis Compliance Regulations, the Board approved a summary suspension of the Harvest Foundation on November 18, 2021 and later approved Kevin Singer as Receiver. Mr. Singer requested to withdraw the TOI application without prejudice. There are no areas of concern with the TOI and subsequent withdrawal. Any additional areas of concern for the Harvest Foundation involve the complaint and subsequent summary suspension.

John Savage appeared on behalf of Kevin Singer. Member Neilander asked Mr. Singer regarding the potential buyer. Mr. Singer stated that the buyer was in place prior to his appointment as Receiver. The buyer did not want to move forward. Member Neilander asked if there were other prospects. Mr. Singer responded that authorization is needed to be able to move the license forward to sell it; there is a motion on the calendar now to allow them to begin that process.

Member Neilander commented that he had no further questions and noted that the withdrawal would need to be without prejudice so that the matter could come back before the Board. The disciplinary matter would proceed on its own. Senior Deputy Attorney General L. Kristopher Rath noted that Member Neilander was correct, and it would need to be withdrawn without prejudice as it was contemplated in the settlement agreement.

Chair Douglas asked for a motion. Member Neilander made a motion to grant the withdrawal without prejudice. Member Young seconded the motion. Board Members said aye. Member Durrett abstained. Motion carried.

V. Request for Consideration of Approval of Management Services Agreements

A. Physis One, LLC (C073, RC073) and Green Budz, LLC

Chief Staley presented the proposed management services agreement (MSA) between Physis One, LLC and Green Budz. The MSA is being entered into in relation to the proposed acquisition of Physis One by Green Buds. CCB staff have reviewed the agreement and found the relationship between the parties appropriate.

No one appeared on behalf of the parties in person or on Zoom. The matter was trailed by the Chair.

B. Healthcare Options for Patients Enterprises, LLC (C129, RC129, P064, RP064), ThinQ of NV, LLC, and Green Monkey Euphoria Corporation

Chief Staley presented the two MSAs. The ThinQ agreement provides for ThinQ to provide management services to HOPE. The Green Monkey agreement is a production agreement but Green Monkey will own the canning manufacturing equipment until a portion of the proposed sales pay it off. CCB staff determined the agreement should require review. CCB staff reviewed the agreement and found the relationship between the parties appropriate.

Dr. Howard Rubin appeared on behalf of HOPE. Dr. Rubin stated that they provided all of the documentation to Chief Staley.

Chair Douglas asked about an area of concern for ThinQ. Chief Staley responded that there was a potential area of concern regarding ThinQ as it was in default status with the Nevada Secretary of State's office. ThinQ's attorney Brianna Martinez was working to resubmit its filing with the Nevada Secretary of State's office. Dr. Rubin responded that he had the documents for ThinQ to bring them into good standing and handed them to Chief Staley.

Member Neilander asked if Brianna Martinez was representing the parties. Dr. Rubin responded that she was their attorney. Member Neilander made a disclosure that he was of counsel with law firm Kaempfer Crowell. Member Neilander does not have any pecuniary interest or fiduciary interest in the firm but shares office space. Member Neilander does not work in cannabis matters at the firm and did not think this would affect his judgment in this matter.

Chief Staley added that Dr. Rubin provided him with the information confirming that ThinQ is filed and in good standing with the Nevada Secretary of State.

There were no additional questions from the Board. Chair Douglas asked for a motion. Member Neilander made a motion to approve agenda item V B. Member Young seconded the motion. Members said aye. Motion carried.

C. Blossum Group, LLC (C059, RC059, P033, RP033) and GATA Distribution, LLC

Chief Staley presented the MSA between Blossum Group and GATA Distribution. The agreement provides for GATA to provide management services but also includes an option to purchase Blossum. CCB staff reviewed the agreement and found the relationship between the parties appropriate.

Adam Fulton appeared on behalf of the entities. Hamid Rowshan appeared via Zoom. Paul Thomas from GATA was present and available for questions.

Member Neilander noted that Mr. Thomas has previously been licensed. Mr. Fulton added that Mr. Thomas previously operated Just Quality which was later transferred to MedMen. Mr. Thomas has experience from the beginning until now in multiple licenses and operations throughout the state. Member Neilander commented that staff noted that Mr. Thomas operated under this agreement before it came

before the Board. Mr. Fulton responded that Mr. Thomas operated as an employee of Blossum and has not operated under this management agreement until Board approval.

Chair Douglas noted that Mr. Thomas was involved in management of other cannabis operators. Mr. Thomas responded that he had ownership. Chair Douglas noted concern of matter control and too much interest in cannabis, but that didn't seem to be the case here.

Member Neilander made a motion to approve the management services agreement in regard to the relationship of the parties for agenda item V C. Member Young seconded the motion. Board Members said aye. Motion carried.

Chair Douglas returned to agenda item V A. Kelly Hurst was available via Zoom. Chief Staley introduced the item again.

A. Physis One, LLC (C073, RC073) and Green Budz, LLC

Chief Staley presented the proposed management services agreement (MSA) between Physis One, LLC and Green Budz. The MSA is being entered into in relation to the proposed acquisition of Physis One by Green Buds. CCB staff have reviewed the agreement and found the relationship between the parties appropriate.

Clayton Kelly Hurst appeared on behalf of the licensee. Chair Douglas noted his concern with the profit breakdown and a wish to acquire the business. Chair Douglas asked if how that was coming and if it may be completed within the year.

Mr. Hurst responded that the transfer of interests was submitted a couple of weeks ago and they were ready to move forward with that as soon as it was presented to the Board.

There were no additional questions from Board. Chair Douglas commented that he would have added a year condition if there was going to be an abnormal delay but that did not appear to be the case; Chair Douglas had no objections to the matter going forward with the normal approval.

Member Neilander made a motion to approve agenda item V A as read into the record with no conditions. Member Merritt seconded the motion. Board Members said aye. Motion carried.

VI. Consideration for Approval to Extend Final Inspection Deadline

A. Wenger, LLC (T090)

Chief of Administration Steve Gilbert presented the extension request for Wenger, LLC. Wenger was issued a conditional adult use distribution license T090 on August 21, 2017 in Clark County jurisdiction. Wenger was granted its first extension at the May 24, 2022 Board meeting to February 5, 2023. In the first extension request, Wenger indicated it had a potential buyer. In December 2022, Wenger submitted a second extension request and indicated a new party had been secured to purchase the license. Wenger provided a draft purchase agreement and their desire to complete the TOI process if the extension was granted. Wenger provided a timeline of efforts. Staff communicated to Wenger that there were some areas of concern. Wenger's efforts have gone towards finding a potential buyer for the license rather than meeting the requirements to perfect the license by receiving a final inspection and becoming operational.

Chair Douglas provided a disclosure that he was contacted by someone who was considering a possible business venture and wanted to know the viability of the existing license.

Steve Wenger appeared on behalf of Wenger, LLC. Mr. Wenger noted his original agreement was with the purchaser of his cultivation and production licenses. The transfer was supposed to take place in 2019

but there was a delay due to the legality of the distribution license at the time. It was not included in the transfer of interest for his cultivation and production license. There was a clerical error where this license was assigned to another entity. It then had to be transferred back to Wenger before it could be transferred again. The buyer was then no longer interested. Mr. Wenger brought the license into compliance and searched for a new buyer. Mr. Wenger found an potential buyer and the purchase agreement was contingent upon Wenger getting an extension of time. Mr. Wenger contacted Chief Staley and was advised of the time it would take to assign an agent; the parties felt that they needed more time than the February deadline. Mr. Wenger requested a 12 month extension so that the buyers could submit the transfer of interest request within the new few weeks.

Member Neilander asked if the other group has retained counsel and getting their application in order. Mr. Wenger responded that they were and they were present at the meeting.

There were no additional questions from the Board. Member Neilander made a motion to approve the extension through November and the licensee would need to come before the Board again if the TOI was not completed by that time. Member Young seconded the motion. Board Members said aye. Motion carried.

VII. Briefing from the Chair and the Executive Director

Chair Douglas commented that he was aware of the economic conditions out there; some things were getting better but it was concerning that layoffs are occurring in businesses across the State. The CCB was in the process of reviewing the January 23, 2023 memorandum from the Governor's office in terms of what can be done in as to regulations, to be stricken, possible new regulations, or taking action on matters that were in the queue. The CCB was also looking at helping the parties to go forward with the lounge licensing.

Director Klimas added that although the Cannabis Advisory Commission meeting was not able to be held the previous week, it was noted that two subcommittees will be created at the CAC. One subcommittee will examine to ways to combat the illicit or unregulated market. The second subcommittee will study and make recommendations to the Board around establishing a pilot program for emerging small cannabis businesses.

VIII. Next Meeting Date

Chair Douglas noted the next meeting date will be February 28, 2023.

IX. Items for Future Agendas

Chair Douglas stated Board Members may contact the Executive Director or Chair for any items to be considered for the agenda.

X. Public Comment

There was no public comment.

XI. Adjournment

Meeting adjourned at 10:44 a.m.